

Initial Statement of Reasons

Proposed Regulations for Hospital Fair Pricing Policies Reporting

The Office of Statewide Health Planning and Development (the "Office") proposes adding Sections 96040 through 96050 to Title 22 of the California Code of Regulations regarding the submission of hospital discount payment policies, charity care policies, eligibility procedures for those policies, review processes, and application forms for charity care and discounted payment programs.

ADMINISTRATIVE REQUIREMENTS, SPECIFIC PURPOSES, AND RATIONALE

Assembly Bill 774 (Chapter 755, Statutes of 2006) added California Health and Safety Code Section 127435 which requires hospitals to submit their discount payment policies, charity care policies, eligibility procedures for those policies, review processes, and application forms for charity care and discounted payment programs to the Office. The Office is authorized to determine whether this information must be submitted electronically, and the Office must make the information available to the public.

The purpose of the proposed regulations is to implement the program for collecting and disseminating hospital discount payment policies, charity care policies, eligibility procedures for those policies, review processes, and application forms for charity care and discounted payment programs required by Health and Safety Code Section 127435. As part of its responsibility, the Office must identify acceptable electronic file types and method of submission of hospital documents or notifications.

The Office is proposing to restructure California Code of Regulations, Title 22, Division 7, Chapter 9 to include the new proposed regulation sections. Chapter 9 is renamed from "Hospital Charge Description Master Reporting" to "Hospital Charges and Fair Pricing Policies Reporting" to include the subject matter of the proposed regulations in the chapter name. The existing regulations for charge description master reporting (Sections 96000 through 96025) are being listed under new Article 1 named "Hospital Charge Description Master Reporting." The only proposed change to the charge description master reporting is in Section 96000, changing the word "chapter" to "article" to reflect the restructuring of the chapter. The Office is proposing adding new Article 2 named "Hospital Fair Pricing Policies Reporting" which contains the proposed Sections 96040 through 96050 related to implementing the program required by California Health and Safety Code Section 127435.

Section 96040 is added to identify terms for: hospital, Office, and discount payment. The terms for hospital and Office are applied from definitions in Health and Safety Code Section 127400. A definition for discount payment is added to clarify that a discount payment is the part of hospital charges that a financially qualified patient is expected to pay in accordance with Health and Safety Code Sections 127405 (b) and 127405 (d); and to clarify the portion of hospital charges that a patient is determined to be unable to pay is to be accounted and reported by the hospital as partial charity care. This section is necessary because it defines terms used in subsequent sections of this article.

Section 96041 is added to identify the documents or notifications hospitals must submit to the Office biennially. This section is necessary to implement the program for collecting hospitals' discount payment policies, charity care policies, eligibility procedures for those policies, review processes, and application forms for charity care and discounted payment programs.

Section 96042 is added to identify the acceptable electronic file type for hospitals to submit their discount payment policies, charity care policies, eligibility procedures for those policies, and review processes. Electronic files must be formatted in Microsoft Word (.doc). This section also instructs hospitals to submit all of the listed documents as one electronic file with each document in a separate distinct part of the file.

Hardcopy documents are not acceptable. If the proposed required file type imposes a hardship on a hospital, the hospital may file for a reporting modification as outlined in proposed Section 96050. This section is necessary to implement the program for collecting hospitals' discount payment policies, charity care policies, eligibility procedures for those policies, and review processes.

Section 96043 is added to identify the acceptable electronic file types for hospitals to submit their application forms for charity care and discounted payment programs. Electronic files must be formatted in either Microsoft Word (.doc) or Portable Document Format (.pdf). Hardcopy documents are not acceptable. If the proposed required file types impose a hardship on a hospital, the hospital may file for a reporting modification as outlined in proposed Section 96050. This section is necessary to implement the program for collecting hospitals' application forms for charity care and discounted payment programs.

Section 96044 is added to clarify that whenever a hospital makes a significant change to its discount payment policy, charity care policy, eligibility procedures for those policies, and review process, the hospital must submit a complete copy of the entire discount payment policy, charity care policy, eligibility procedures for those policies, and review process to the Office in accordance with the electronic file format identified in proposed Section 96042 and submission method identified in proposed Section 96046. The significance of the change shall be evaluated from the perspective of the anticipated impact on the population intended to benefit from California Health and Safety Code Section 127435. This section is necessary to implement the program for collecting hospitals' discount payment policies, charity care policies, eligibility procedures for those policies, and review processes.

Section 96045 is added to clarify that whenever a hospital makes a significant change to its application form for charity care or discounted payment programs, the hospital must submit a complete copy of the entire application form for charity care or discounted payment programs to the Office in accordance with the electronic file format identified in proposed Section 96043 and submission method identified in proposed Section 96046. The significance of the change shall be evaluated from the perspective of the anticipated impact on the population intended to benefit from California Health and Safety Code Section 127435. This section is necessary to implement the program for collecting hospitals' application forms for charity care and discounted payment programs.

Section 96046 is added to identify the acceptable method that hospitals shall use to submit the documents or notifications required by California Health and Safety Code Section 127435. Each hospital shall submit the electronic files or notifications using the Office's internet California Charity Care Collection application located on the Office's web site at: <https://4c.oshpd.ca.gov/>. The Office's internet California Charity Care Collection application is designed to be compatible with the Office's Microsoft computing platform, therefore, hospitals shall use a Microsoft Internet Explorer web browser that supports a secure internet connection utilizing the Secure Hypertext Transfer Protocol (HTTPS or https) and 128-bit cypher strength Secure Socket Layer (SSL). This requirement would not impose a hardship on hospitals since hospitals are already required to use Microsoft Internet Explorer for the Office's Internet Hospital Quarterly Reporting System (IHQRS) to report hospital quarterly financial and utilization reports, and for the Medical Information Reporting for California (MIRCal) system to report patient-level data. This section also requires hospitals to use the Office's internet California Charity Care Collection application to notify the Office of the lack of changes to their previously submitted discount payment policies, charity care policies, eligibility procedures for those policies, review processes, and application forms for charity care and discounted payment programs if the hospitals choose to notify the Office instead of submitting these documents. This requirement facilitates tracking the reporting status for each hospital on-line. If the proposed requirements of this section impose hardships on a hospital, the hospital may file for a reporting modification as outlined in proposed Section 96050. This section is necessary to instruct hospitals how to electronically file documents or notifications required by California Health and Safety Code Section 127435.

Section 96050 is added to provide hospitals the opportunity to request modifications to the acceptable electronic file types or method of submitting electronic files or notifications. The Office recognizes that there may be circumstances where hospitals need minor modifications to the reporting requirements. This section is necessary to instruct hospitals how to request minor modifications to the proposed reporting requirements.

STUDIES, REPORTS, OR DOCUMENTS RELIED UPON IN PROPOSING REGULATIONS

California Health and Safety Code Section 127435 requires each hospital to file its charity care policy, discount payment policy, eligibility procedures for those policies, review process, and application form for charity care and discounted payment programs to the Office.

Sections 97041(a)(2) and 97244(a) of Title 22 of the California Code of Regulations require hospitals to report data to the Office using versions of Microsoft Internet Explorer.

ALTERNATIVES CONSIDERED

The Office determined that the submission of hardcopy documents was not feasible because of the size and volume of the required documents. The cost and logistics of receiving, sorting, storing, photocopying, and distributing hardcopy documents to data requestors would be significant. Hardcopy documents would be more expensive for hospitals to produce and mail to the Office than creating electronic files and submitting via the internet.

The Office also determined that the submission of electronic files by e-mail was not feasible, because staff resources and costs required to collect, track, store, and disseminate submitted documents were essentially the same as the submission of hardcopy documents.

The cost to submit electronic files over the Internet of documents that hospitals have already created will not have a significant adverse economic impact on business.

No reasonable alternatives have been identified by the Office that would be more effective in carrying out the purpose for which the actions are proposed or less burdensome to affected private persons than the proposed actions.